



Becoming a Savvy Consumer

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Innocence is a liability in the real world. As children, we look at the world with unbridled optimism and innocence. Unfortunately, the real world is filled with dangers for the unsuspecting and naïve. Growing into adulthood necessitates an ability to deal with ambiguity and half-truths. Raising children means teaching them to protect themselves from those who would harm or take advantage of them. Below is a quiz that might be used with people of many ages to sharpen their instincts for recognizing the various shades of truth consumers must deal with every day. No one answer may be right in every situation, so discuss the items to unravel the shades of truth.



1. "Buy one, get one free" means the same as:

- a. You are getting something for free.
- b. You are getting a 50% discount.

2. "Up to 75% off on all merchandise in stock" usually means:

- a. All or most items are discounted 75%.
- b. Any one or more items are discounted 75%.

3. "Genuine imitation leather" is the same as:

- a. Genuine leather.
- b. Fake leather.

4. "A lifetime guarantee" is usually good for:

- a. The life of the buyer.
- b. The life of the product or company.

5. "20% off suggested list price" means:

- a. 20% off the retailer's customary price.
- b. 20% off the manufacturer's suggested price.

6. "Net weight" on canned goods means:

- a. Weight of the product only.
- b. Weight of the product plus packing liquid.

7. "Too low to advertise" probably means:

- a. Price is so low that seller cannot reveal it.
- b. Seller does not want to reveal the price.

8. "Sold below cost" frequently means:

- a. Seller will lose money by selling product.
- b. Seller is figuring overall profit in his cost.

9. "No dealers, please" probably means:

- a. Seller wants to limit sale of the product.
- b. Seller wants to sell customers other things.

10. "This package may appear less than full due to settling" frequently means:

- a. Manufacturer made every effort to fill the package completely before settling.
- b. Manufacturer chose larger package size than needed in order to attract customers.

11. "Free sunglasses, shipping and handling \$6.95" means:

- a. You are getting sunglasses for free.
- b. You are paying \$6.95 for sunglasses.

12. In order for a seller to receive a mark-up of 100% on an item discounted 50%:

- a. The original markup would have to be 200%.
- b. The original markup would have to be 300%.

13. If promised a money-back guarantee on a mail-order purchase, you should:

- a. Feel confident in buying any such product.
- b. Assess any costs or inconveniences involved in getting your money back.

14. If you purchase a 6-month certificate of deposit that offers a 6% APY, you get:

- a. \$6 for every \$100 invested.
- b. \$3 for every \$100 invested.

15. If a an investment's APY is larger than its stated APR, it must mean:

- a. The money was invested for over a year.
- b. The interest received was compounded.

As an experienced consumer, you can probably think of many more items that would highlight the shades of truth for the budding consumers in your family. America offers the greatest markets in the world, but they are great because vigilant and wise consumers make them so. By the way, b is the answer to all of the items. I hope you got them all or have good reasons for your choices. Savvy consumers must be both wary and aware.